

VZCZCXRO4902
RR RUEHGI
DE RUEHNJ #0160/01 0531622
ZNR UUUUU ZZH
R 221622Z FEB 07
FM AMEMBASSY NDJAMENA
TO RUEHC/SECSTATE WASHDC 4954
INFO RUEHUJA/AMEMBASSY ABUJA 1355
RUEHAS/AMEMBASSY ALGIERS 0161
RUEHGI/AMEMBASSY BANGUI 1308
RUEHEG/AMEMBASSY CAIRO 0132
RUEHKH/AMEMBASSY KHARTOUM 0401
RUEHLO/AMEMBASSY LONDON 1646
RUEHNM/AMEMBASSY NIAMEY 2902
RUEHFR/AMEMBASSY PARIS 2110
RUEHYD/AMEMBASSY YAOUNDE 1472
RUEHGV/USMISSION GENEVA 0908
RUCNDT/USMISSION USUN NEW YORK 0957

UNCLAS SECTION 01 OF 02 NDJAMENA 000160

SIPDIS

SENSITIVE, SIPDIS

LONDON AND PARIS FOR AFRICA WATCHERS

E.O. 12958: N/A

TAGS: [EFIN](#) [ELAB](#) [PGOV](#) [CD](#)

SUBJECT: CHAD: PUBLIC SERVANTS WANT THEIR SHARE OF OIL REVENUE

¶1. (SBU) Summary: Public expectations have ballooned with the widespread anticipation of a huge oil tax "windfall" and the president of Chad's largest labor federation has warned that failure to increase public sector wages by at least 50 percent will lead to a general strike that could exceed the June-August 2006 public sector strike in duration. With the stakes higher, strikers this year can be expected to be more militant than in previous years. End Summary

¶2. (U) PolOffs met with Chad Union of Syndicates (UST) President Michel Barka February 16 to discuss press reports that the Chadian government's offer of a two percent wage increase for 2007 to public sector workers may lead to a general strike. (Barka is also a member of the petroleum revenue management body that oversees the use of Chad's oil royalties for poverty reduction programs.) Barka's UST is a federation of 30 unions that include government ministry, health and education workers. According to Barka, membership in UST unions totals some 55,000 of which some 30,000 to 40,000 are on the government payroll.

Unions Seek Minimum Wage Increase of Fifty Percent

¶3. (SBU) According to Barka, UST member unions have agreed to demand a 50 percent wage increase for 2007 while some non-UST member unions are calling for wage increases of as much as 250 percent. He said that by the end of February, the UST and non-UST unions expect to reach a common bargaining position for presentation to the GOC. If the government refuses to negotiate with the unions, a general strike will be called in early March.

¶4. (SBU) Barka claimed that the Deby government had reneged on a promised wage increase of five percent in 2005 and that the five percent retroactive increase received in 2006 came only after a June through August strike. He added that part of agreement with the government that led to the end of the 2006 strike included an understanding that increased petroleum revenue would translate to a significant increase in salaries in 2007.

Sustainability of Wage Increase

15. (SBU) Queried by PolOff as to the sustainability of a 50 percent or higher increase in public sector wages and the implications for wage inflation in the private sector, Barka responded that the government's current wage bill was CFA 8 billion (USD 16 million) per month and that some CFA 300 billion (USD 600 million) that the Chadian treasury had built up in reserves would more than accommodate a 50 percent rise of CFA 48 billion (USD 96 million) per year in the wage bill. Pressed on the unpredictability of future oil earnings, Barka insisted that with proper financial management and the elimination of waste, fraud and graft, the wage increase would be sustainable without oil revenue.

Failure of Chad's Partners to Press for Reform

16. (SBU) Citing the massive siphoning off of customs and tax revenue by corrupt Chadian officials, Barka alleged that what is not stolen from government coffers is given to the Chadian military. Barka claimed that the Ministry of Finance would not disclose the total number of persons on the government payroll. He claimed that large illicit payments were made from payroll funding.

17. (SBU) Barka accused Chad's international "partners" of timidity for not challenging the government on mismanagement and corruption. He implied that the international financial and development institutions

NDJAMENA 00000160 002 OF 002

cowered in the face of government resistance to transparency. Chad's bilateral and international partners "know of the situation, but refuse" to do anything about it, he insisted.

18. (SBU) Note: According to an N'Djamena-based European Commission (EC) economist, while there are some 47,000 people formally on the Chadian government payroll, there are "tens of thousands" of "agents publique" (associated with government security) that are not listed. In addition, the EC economist indicated that there are some 40,000 on the military payroll. End note.

COMMENT

19. (SBU) Despite a projected budget surplus of CFA 200 billion in 2007 (USD 400 million), the Ministry of Finance argues that the direct and indirect inflationary impact of a large public service salary increase would not be sustainable over time. This view is supported by the World Bank and IMF. At the same time, public expectations have ballooned with the widespread anticipation of a huge oil tax "windfall." Given the gap between the Government's position and that of the unions, it appears that a strike is unavoidable.

110. (SBU) Last year's strike was conducted without incident (other than exacerbating the already tortuously slow provision of government services). This time around a greater militancy on the part of the unions is foreseen. Wall